

# **SECTION 184 INDIAN HOUSING LOAN**

## **GUARANTEE PROGRAM**

### **Processing Guidelines 2011**

## **Chapter 6: Loan Closing and Endorsement**

- 6.1 Overview
- 6.2 Timing
- 6.3 Loan Changes after Firm Commitment
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### **6.1 OVERVIEW**

In order to get a Section 184 Loan, lenders are required to comply with a number of requirements. This chapter outlines the necessary requirements for Section 184 loan closing and endorsement. For projects involving rehabilitation or new construction, refer to Chapter 7 for more information about post-closing construction requirements.

### **6.2 TIMING**

- A. **Closing.** Lenders and borrowers may close the loan after a firm commitment has been issued by OLG, and all underwriting conditions have been met. A firm commitment is valid for 60 days or as specified on the commitment. Under normal circumstances, firm commitment extensions are not permitted. However, with the permission of the OLG, the commitment may be extended.
- B. **Endorsement.** Lenders must submit loan and settlement documents for endorsement within 60 days of loan closing. After receipt of a complete loan endorsement file, the OLG will review all documentation and send the lender the Loan Guarantee Certificate if all terms and conditions have been met. (see Appendix 6.1)
- C. **Effect of the Guarantee.** Absent fraud or misrepresentation in the origination or closing of the loan, the Section 184 loan will be eligible for guarantee. In order to receive the loan guarantee certificate, lenders must submit the case binder to the OLG for endorsement. The certificate will be issued within 20 working days of receipt of the complete case binder.
- D. **Guarantee Certificate.** Two original guarantee certificates will be mailed to the lender on record.

### 6.3 LOAN CHANGES AFTER FIRM COMMITMENT

The loan amount and terms are fixed at the time a firm commitment is issued. The general rule is that HUD will not permit changes after the commitment has been issued. However, OLG may allow post-commitment changes to the loan under the following situations:

- A. **Changes in Borrower Financial Situation.** When there are changes in the borrower's financial situation, the lender must submit updated loan information to OLG. Changes in homebuyer's income, liabilities, or credit status are all examples of changes that may affect loan approval.
- B. **Interest Rate Changes.** Interest rate increases of more than 1% must be approved by the OLG.
- C. **Errors and omissions.** If errors and omissions in loan processing are discovered, including miscalculations or inaccurate background information, the firm commitment may be reduced but not increased due to such errors.

If these inaccuracies were due to fraud or intentional misrepresentation, OLG will cancel the firm commitment and will pursue all sanctions/punishments available.

- D. **Unforeseeable Construction Costs.** If unforeseeable events will increase costs and exceed the escrowed contingency, the lender may apply to OLG to reevaluate the mortgage. Unforeseeable events include such problems as weather-induced delays or supply shortages but do not include basic changes to the scope of work for aesthetic or convenience purposes.

If the homebuyer's income and credit will permit this change and HUD concurs that such changes meet the "unforeseen test," OLG will permit the mortgage to be modified. Lenders are cautioned that OLG will review these requests closely and are required to request OLG approval before beginning any work that will increase the mortgage amount. Under no circumstances can the adjustment exceed the statutory loan to value (LTV) limits.

### 6.4 LOAN CLOSING REQUIREMENTS

In order to close the loan the lender is required to resolve all problems regarding title to the real estate, comply with all conditions of the commitment, close the loan before the expiration of the HUD-issued firm commitment and expiration of the credit documents, and submit the loan documents for endorsement within 60 days of loan closing.

- A. **Documents.** The Section 184 loan is closed using a combination of standard HUD documents along with forms specific to the Section 184 Loan Program.
- B. Section 184 does not have a standard mortgage instrument. However, lenders are allowed to use the FHA or the Fannie Mae/Freddie Mac (multi state) conventional loan instrument. When using the multi state document you must change the late fee to 4 percent rather than the customary 5 percent.

Late charges **may not** exceed 4 percent of the full monthly payment (principal, interest, taxes and insurance) due from the borrower in the month of computation. Previously uncollected late charges may not be added to the monthly payment due when computing the present late charge. Multiple delinquent payments are considered separately, with a late charge computed on each individual monthly payment.

- C. **Signatures.** All individuals appearing on the loan application must sign the mortgage note. Signatures of all individuals appearing on the loan application who are owners of the property must appear on the lien agreements (mortgage, deed of trust, or security deed), leases, or other applicable agreements. However, some tribes and/or the Bureau of Indian Affairs (BIA) restricts ownership or succession rights for non-Native Americans or other members of particular households. If the property is on tribal trust land and the tribe will not allow right of succession to one or more of the parties to the application, this information must be clearly stated within the lease and lien documents. If this information is so stated, tribes may sign leases and record liens with selected members of the applicant household, in accordance with tribal law. If a co-borrower is not a party to the lease agreement, the co-borrower must sign a statement acknowledging that he/she understands the inheritance laws of the tribe.
- D. **Power of Attorney.** A Power of Attorney may be used for closing documents. Any power of attorney, whether specific or general, must comply with state or tribal law and allow for the mortgage note to be legally enforced in that jurisdiction. It is the lender's responsibility to assure that clear title can be conveyed in the event of foreclosure. Except for the conditions described below, the initial loan application may not be executed by using a power of attorney (i.e., it must be signed by all borrowers). Either the initial loan application or the final must contain the signatures of all borrowers.
1. Military personnel on overseas duty or on unaccompanied tour. The lender should obtain the service person's signature on the application by mail or facsimile machine.
  2. Incapacitated borrowers unable to sign the mortgage application. The lender must provide evidence the signer has authority to purchase the property and obligate the borrower. This would include a durable power of attorney designed to survive incapacity and avoid the need for court proceedings. The incapacitated individual must occupy the property to be insured.
- E. **Closing in Compliance with Firm Commitment.** The loan must close in the same manner in which it was underwritten and approved. Additional signatures on the security instruments and/or mortgage note of individuals not reviewed during mortgage credit analysis may be grounds for withholding endorsement.
- F. **Guarantee Fee.** A guarantee fee equal to one percent of the base mortgage amount (i.e. the loan amount excluding any financed guarantee fee) must be received through the US Treasury website [www.pay.gov](http://www.pay.gov) within 15 days of closing and prior to the endorsement of any Section 184 loan. The fee is a one-time charge to the borrower and may be financed into the mortgage amount.

The following is a list of instructions on how to use pay.gov:

Step 1- Go to pay.gov and click on "agency list"

Step 2- Click on "H" for "Housing and Urban Development"

Step 3- Click on "Housing and Urban Development"

Step 4- Select "Department of Housing and Urban Development"

Step 5- Scroll down and select Native American Loan Guarantee Fee form. The form is named HUD LGF.

Step 6- ONAP LG Fee Transmittal form will open. Complete all items.

Step 7- Complete all information required on the form as directed.

- Complete all items on form similar to previous manual submission process
- Select PDF preview and make copy of form (do not submit from PDF). This is essential and required to ensure proper documentation for dispute resolution.
- Return to form and click continue to move to payment information screen.

Step 8- Payment screen opens. Complete all required items.

Step 9- Print the payment confirmation before processing next transaction.

It is important to remember when using pay.gov that you use the live pay.gov website, and NOT the pay.gov test site. You can use the test site to familiarize yourself with the process, but HUD will not receive any submission entered on the test site. Please call the Office of Loan Guarantee at 1-800-561-5913 if you have any questions.

If the guarantee fee is not received at [www.pay.gov](http://www.pay.gov) within 15 days after closing, a late fee of 4% of the guarantee fee will be charged.

## 6.5 ESCROW ACCOUNT POLICIES

At closing, lenders must establish escrow accounts and require that mortgagors make monthly payments to ensure that funds will be available to pay applicable taxes and insurance premiums when they come due. This section highlights general escrow account policies. Specific escrow items are detailed in the following section.

- A. Escrow Authority.** The authority to collect funds for escrow items must be included in the security instrument signed by the borrower at closing.
- B. Escrow Obligations.** Lenders must also place in escrow any items which, if not paid, would create liens on the property positioned ahead of the Section 184 mortgage.
- C. Common Escrow Payment Periods.** Escrowed obligations are usually paid annually or semi-annually. However, OLG does not object to a lender using other accrual periods (i.e. quarterly) because of variations in due dates of the escrow items, especially where these accrual periods produce a savings for the borrower without causing undue hardship to him or her.
- D. Escrow Deposits.** All lenders must aggregate all escrow funds received from borrowers, including those funds escrowed at closing under an Assurance of Completion Agreement. A special custodial account must be established with a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.
- E. Proper Use of Escrow Funds.** Escrow funds may only be used for the purpose they were collected for and are subject to audit and examination by OLG. The

lender must comply with all current and future Real Estate Settlement Procedures Act (RESPA) regulations.

- F. **Interest on Escrows.** Lenders may determine whether to place the escrow in an interest bearing account. Where escrow funds are invested, the net income derived from this investment must be passed on to the borrower in the form of interest as follows:
1. In compliance with any state and/or regulatory agency requirements governing the handling and/or payment of interest earned on a borrower's escrow account; and
  2. The net earnings from the investment of the borrower's funds after deducting the actual cost of administering the interest bearing account.

In no case, may the expenses charged to the borrower for maintaining the interest bearing escrow account exceed the gross interest earned from investing the funds in that account.

## 6.6 ESCROW ACCOUNT ITEMS

- A. **Items to Be Escrowed.** As noted above, the mortgagee must establish an aggregate amount that is sufficient to cover all escrow obligations as they become due and before they become delinquent. These obligations may include:
1. Hazard Insurance.
  2. Taxes (when applicable).
  3. Special Assessments (when applicable).
  4. Ground Rents Such as Lease Payments (when applicable).
  5. Flood Insurance Premiums (when applicable). For more information about flood plain requirements, see Chapter 4.12.

Once the required amount has been collected at closing, the lender must establish a monthly escrow that is sufficient to pay the bills when they are due. It is the mortgagee's responsibility to make disbursements as bills become payable even if it requires the advancing of corporate funds where escrow deposits are inadequate to meet obligations. Escrow items are discussed in detail below.

- B. **Taxes.** When the exact amount of the annual property tax bill is unknown, the lender should contact the government entity with tax authority over the property.
1. On tribal trust and allotted land, this will be the tribe. Most tribes do not charge property taxes. However, lenders should check with the tribe or OLG to obtain this information. The OLG will have a list of tribal telephone numbers, addresses, and contact persons. The lender should ensure that borrowers on trust land are not erroneously charged county property taxes.
  2. On fee land, the lender should contact the unit of government (tribe, county, or city) with jurisdiction over this property.

In order to avoid a substantial surplus or shortage at the time of the first escrow analysis, lenders should use the **improved** value of the property to estimate the

amount needed at closing and on a monthly basis. For existing properties, lenders can use taxes paid the previous year.

- C. **Insurance.** Initial insurance escrow requirements must be based on the one-year premium actually paid by the borrower for the policy unless the lender knows that the renewal premium will differ.

Borrowers are permitted to select their own insurance carrier. Borrowers may elect to take a higher level of coverage. The following types of coverage may/must be purchased:

1. Dwelling insurance (hazard) insurance in an amount necessary to protect the investment must be obtained. If the borrower fails to obtain coverage, the lender may force coverage and require the mortgagor to pay the premium. If the lender secures the coverage, it must be obtained at a reasonable rate.
2. Flood insurance must be purchased if a property is located in a special flood hazard area. See Chapter 4.12 of this guide book for more information about flood plain applicability and requirements.
3. Homeowner's policies (at the discretion of the borrower and with the cooperation of the mortgagee).
4. Life or disability insurance or optional coverage are at the borrower's discretion. The mortgagee may not make this an obligation of the mortgage or make failure to pay such premiums a condition of default. These payments may not be deposited in the bank account with other escrow payments.
5. Additional Collections. Lenders may maintain a "cushion" in the borrower's escrow account as permitted by RESPA.

## 6.7 SUBMISSION OF CASE BINDER FOR ENDORSEMENT

- A. **Overview.** The case binder must meet the requirements specified herein. The lender must complete the front of the binder and write the borrowers name and case number on the side and bottom tabs of the binder. The processing and closing documents must be two hole punched and placed in the case binder in the order specified in the following paragraphs.
- B. **Timing.** Case binders must be submitted to OLG within 60 days after closing. The case binder should be submitted to the same location the underwriting package was sent unless otherwise notified.
- a. For construction/permanent mortgages, the lender must include in the case binder verification that the escrow account has been established.
- C. **Late Endorsement Procedures.** If the loan is submitted for endorsement more than 60 days after loan closing, the lender's endorsement submission must include the following:
1. An explanation and justification for the delay.
  2. A copy of the payment ledger (history) showing the date each payment was received by the lender, including if the case is submitted after the 15th of the month, the payment due for the month in which the case is

submitted for endorsement. For example, if the case closed February 3rd and the case is submitted for endorsement April 16th (postmarked), the payment ledger must reflect receipt of the April payment even though the payment is not considered delinquent until May 1st.

3. Loan must not be delinquent when submitted for endorsement.
4. Each payment must have been made in the calendar month due. If a payment is made outside the calendar month due, the lender cannot submit the case for endorsement until six consecutive payments have been made within the calendar month due.
5. A certification by the lender that they did not provide the funds to bring the loan current or to affect the appearance of an acceptable payment history.

**D. Submission Items.** (see Endorsement Submission Checklist in [Appendix 6.2](#))

1. The following items must be submitted for endorsement on **All Loans**:
  - Late request for endorsement (see chapter 6.7(c), if applicable)
  - Payment of 1% Guarantee Fee (OLG will verify receipt at pay.gov)
  - Firm Commitment form (see Appendix 6.3)
  - Final Mortgage Credit Analysis Worksheet ( see Appendix 6.5)
  - Final Maximum Mortgage Worksheet (single close only) (see Appendix 6.6)
  - Final Good Faith Estimate
  - Final signed Uniform Residential Loan Application and all executed pages of Addendum A
  - Certified true copy of note
  - Certified true copy of mortgage instrument
  - Certified true copy of Section 184 rider to the mortgage instrument. Riders for fee simple, individual allotted and leasehold are in [Appendix 6.7](#).
  - HUD-1 Settlement Statement form with signatures of buyer, seller, (if applicable) and closing agent
  - Addendum Certifications to HUD-1 with signatures of buyer, seller, (if applicable) and closing agent (standard Federal Housing Administration certifications)
  - Flood Certificate
  - Warranty of Substantial Completion form, HUD-92544 (see Appendix 6.11) when new construction is completed prior to closing
  - Proof of satisfaction for any additional conditions on the Firm Commitment form (see Appendix 6.4)

2. **New Construction or Rehabilitation (Single Close)**, the following must also be submitted:
  - Certified true copy of Section 184 Applicant Acknowledgement (see Appendix 6.12)
  - Certified true copy of Construction Loan Agreement (see Appendix 6.13)
  - Certified true copy of Construction Loan Rider to the mortgage instrument (see Appendix 6.15)
  - Evidence of Establishment of Construction/Rehab Escrow account (copy of deposit slip or bank statement).
3. **Fee Simple Land:**
  - Title policy (title commitment will be accepted for guarantee but copy of the title policy must follow).
4. **Tribal Trust Land:**
  - Certified true copy of executed Lease
  - BIA Certificate of Leasehold Mortgage Approval
  - BIA Certified Title Status Report (TSR) with recorded (1) lease; (2)mortgage; (3) rider; **or**
  - BIA endorsement to the previous certified TSR
5. **Individual Allotted Trust Land (No Lease):**
  - BIA Certificate of Mortgage Approval
  - BIA Certified TSR with recorded (1) mortgage; (2) rider; **or**
  - BIA endorsement to the previous certified TSR
  - If fractionated land ownership (multiple owners other than our borrower), all individuals must approve Mortgage Instrument either on a BIA consent form or with their signature on the mortgage instrument (as required by BIA)
6. **Individual Allotted Trust Land (With Lease):**
  - BIA Certificate of Mortgage Approval
  - BIA Certified TSR with recorded (1) mortgage; (2) lease; (3) rider; **or**
  - BIA endorsement to the previous certified TSR
  - Certified true copy of lease
  - If fractionated land ownership (multiple owners other than our borrower), all individuals must approve Mortgage Instrument either on a BIA consent form or with their signature on the mortgage instrument (as required by BIA)

## **6.8 POST ENDORSEMENT SUBMISSION CHECKLIST** (see Appendix 6.16)

Within 30 days of completion of single close new construction or rehabilitation, the following items are submitted to the OLG:

- Final Release Notice, prepared for HUD approval. (see Appendix 6.17)
- Mortgagee's Assurance of Completion, where escrow was established for minor incomplete work.
- Compliance Inspection Report(s), HUD-92051 (see Appendix 6.18) one for each draw, including the final draw.
- Final pictures of completed property.
- HUD Approved Request for Acceptance of Changes in Approved Drawings and Specifications, HUD-92577 (see Appendix 6.20) (if applicable), including a set of as-built drawings.
- Specific Condition(s) clearance documentation (e.g., local health authority approvals, termite inspection report, soil treatment certification, and certificate of occupancy.)
- Warranty of Substantial Completion, HUD-92544 (see Appendix 6.11)
- Draw Request Form(s) (all draws including the final draw) (see Appendix 6.22)
- Mortgagor's Letter of Completion (see Appendix 6.24)
- Approved Contingency Release Letter (see Appendix 6.25) (if applicable)

For more information about the construction process, see Chapter 7.

**Section 184  
Indian Loan Guarantee Certificate**  
**U.S. Department of Housing and Urban Development, Office of Public and Indian Housing**

1. 184 Case Number:	2. Amortization Plan:	3. LTV Ratio:	4. Living Units:	5. Closing Date:	6. Cohort #:
7. Name of Borrower (last, first, MI):	8. Social Security Number:	9. Mortgage Amount:	10. Interest Rate:	11. Monthly Payment (P&I):	
12. Name of Co-Borrower (last, first, MI):	13. Social Security Number:	14. Maturity Date:	15. First Payment:	16. Endorsement Date:	
17. Borrower's Tribal Affiliation:					
18. Address of Property:					
19. Lender's Name, Address & ID Number:					
<p>This certificate, when endorsed above by an authorized agent of the Assistant Secretary for Public and Indian Housing, is Evidence of guarantee of the mortgagee loan described herein under the Section 184 of the Housing and Community Development Act of 1992 (P.L. 102550) and regulations of the U.S. Department of Housing and Urban Development published In Code of the Federal Regulations (24 CFR 955).</p> <p>Sensitive Information: The information collected on this form is considered sensitive and is protected by the Privacy Act. The Privacy Act requires that these Records are maintained with appropriate administrative, technical, and physical safeguards to ensure their security and confidentiality. In addition, these records Should be protected against any anticipated threats or hazards to their security or integrity which could result in substantial harm, embarrassment, inconvenience, Or unfairness to any individual on whom the information is maintained.</p>					

## SECTION 184 INDIAN LOAN GUARANTEE PROGRAM

### ENDORSEMENT SUBMISSION CHECKLIST

**BORROWER(S):** \_\_\_\_\_ **CASE #** \_\_\_\_\_

ITEM	INCLUDE D
Payment of Guarantee Fee to www.pay.gov <b>A late fee of 4% of Guarantee Fee is charged if not received within 15 day after closing.</b>	
<b>Late Request for Endorsement – more than 60 days after closing- Provide a letter of explanation for late submission and a current pay history.</b>	
Firm Commitment -Signed by HUD	
Final Mortgage Credit Analysis Worksheet ( <b>Form HUD 53036</b> ) Signed by HUD or DG Underwriter	
Final Maximum Mortgage Worksheet ( <b>Single Close Only</b> ) Signed by HUD or DG Underwriter	
Good Faith Estimate (Original or last re-disclosure)	
Final Signed Uniform Residential Loan Application and all executed pages of Addendum A	
Certified True Copy of Note	
Certified True Copy of Mortgage Instrument	
Certified True Copy of NEW Section 184 Rider	
HUD-1 Settlement Statement (form HUD-1) with signatures of buyer, seller (if applicable) and closing agent	
Addendum Certifications to HUD-1 with signatures of buyer, seller (if applicable) and closing agent	
Homeowners Insurance Policy	
Termite Inspection Report (if required in the Jurisdiction)	
<b>SINGLE CLOSE NEW CONSTRUCTION OR REHAB:</b>	
Certified True Copy of Section 184 Applicant Acknowledgment	
Certified True Copy of Construction Loan Agreement	
Certified True Copy of Construction Loan Rider	
Evidence of Establishment of Construction/Rehab Escrow Account (copy of deposit slip or bank statement)	
Executed Commencement Notice	
<b>FEE SIMPLE LAND:</b>	
Final Title Policy (Title Commitment will be accepted for guarantee but copy of title policy must follow)	
<b>TRIBAL TRUST LAND:</b>	
Final signed TSR (after closing) with recorded and BIA approved Mortgage Instrument/Riders and Lease	
Certified True Copy of Lease	
BIA Certificate of Leasehold Mortgage Approval	
<b>INDIVIDUAL ALLOTTED TRUST LAND (No Lease):</b>	
Final signed TSR (after closing) with recorded and BIA approved Mortgage Instrument/Riders	
BIA Certificate of Mortgage Approval (generally an attachment to the Mortgage)	
If fractionated land ownership (multiple owners other than our borrower), all individuals must approve Mortgage Instrument either on a Consent form or signature on the Mortgage Instrument (however BIA requires)	
<b>INDIVIDUAL ALLOTTED TRUST LAND (With Lease):</b>	
Final signed TSR (after closing) with recorded and BIA approved Mortgage Instrument/Riders and Lease	
Certified True Copy of Lease	
BIA Certificate of Leasehold Mortgage Approval	
<b>PROOF OF ANY HUD FIRM COMMITMENT CONDITIONS NOT LISTED ABOVE: (please list)</b>	

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**General Commitment Conditions**

- 1. Maximum Mortgage Amount and Term:** a) Occupant Mortgages: Mortgage amount and terms assume satisfactory owner-occupant mortgagor(s) or qualified IHA or Tribe. b) Changes: HUD may, due to a significant negative event affecting the homebuyer's income, liabilities, credit or the collateral, change the mortgage amount and term.
- 2. Property Standards:** All construction, repairs, or alterations proposed in the application or on the construction exhibits returned herewith must equal or exceed applicable codes and HUD requirements.

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**Section 184 Case Number:**

INST Reference Number:

HUD Commitment :

**Firm Commitment:**

Expiration Date:

Lender: (Direct Guarantee)

Borrower:

Property:

Type:

**Commitment Terms:**

Estimated Value of Property:

Mortgage W/out Loan Guarantee:

Interest Rate:

Taxes:

Haz & Flood:

HoA:

Total:

Firm Commitment Amount:

Term of Loan (years):

Cohort Number:

XX Approved by Office of Loan Guarantee, Denver Program Office of Native American Programs, U.S.  
Department of Housing and Urban Development

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Signature

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Date

**See Page 2 for Commitment Conditions**

**Commitment Conditions**

HUD's commitment to guarantee a mortgage on this property is dependent on the completion of the condition(s) listed below. HUD does not guarantee the work done to comply with the conditions. Estimated Remaining Economic Life of this property is \_\_\_ years and (\_ is \_ is not) eligible for maximum financing (maximum loan-to-value ratio mortgage). Describe commitment condition(s) below:

**Conditions to be met prior to closing:**

**Conditions to be met at closing and/or prior to guarantee:**

1. Maximum mortgage based on 97.75% of the \_\_\_\_\_.
2. Seller contribution not to exceed 6% of the executed sales contract. Document on the HUD 1 settlement statement. Seller cannot pay borrowers down payment and borrower cannot receive cash at closing from seller contribution.
3. Provide final URLA, Addendum a, Good faith estimate and fee simple rider.
4. Provide all standard closing endorsement documents per 184 guidelines.
5. Borrower must sign an owner occupancy agreement.
6. Provide copy of hazard insurance policy with coverage equal to the lesser of:
  - a. 100 percent of the insurable value of the improvements-as established by the property insure; or
  - b. The unpaid balance of the mortgage as long as it at least equals the minimum amount required to compensate for damage or loss on a replacement cost basis at the time the damage or loss occurs

**Note:**

The Office of Loan Guarantee encourages the borrower to execute an automatic mortgage payment; however, not a condition to guarantee the loan.

Lender is required to obtain a final clear title policy; copy should be forwarded to the Office of Loan Guarantee. Guarantee certificate may be issued prior to receipt of the title policy; however, lender is responsible for meeting all commitment conditions noted on the preliminary title report including recordation of the Section 184 loan.

# Mortgage Credit Analysis Worksheet

## U.S Department of Housing and Urban Development

Draft Form for  
Evaluation 3/31/2011

### Native American Loan Guarantee Program

See the Public Reporting Burden and Privacy Act statements on back

### Acquisition of Property Transactions

Section 184 Case Number			Type of Construction ( mark with X )	
			a. Existing Construction	X
			b. Proposed New Construction	
1a. Borrower's Name	2a. Social Security #	3. Dependents		4. Marital Status ( mark with X )
		a.Numbers	b.Ages	a. Married
1b. Co-borrower's Name	2b. Social Security #			b. Separated
				c. Unmarried
5. Mortgage without LG Fee	6a. Total LG Fee (1% of max. mortgage)	6b. Mortgage w/LG Fee	7. Loan Closing Costs	
\$0.00	\$0.00	\$0.00	a. Total Closing Costs	\$0.00
			b. Less paid by Seller	\$0.00
8. Current housing expense	9. Term of loan (years)	10. Interest rate (%)	c. Borrower's Closing Cost	
\$0.00	0	0.000%	\$0.00	
11. First-time homebuyer (yes or no)		12. Appraised Value	13. 150% of FHA Mortgage Limit	
		\$0.00	\$0.00	
<b>14. Settlement Requirements/ Mortgage Calculations</b>			<b>16. Debts and Obligations</b>	<b>Monthly Payment</b>
				<b>Unpaid Balance</b>
a. Contract Sales Price or Construction Cost		\$0.00	a. Total installment debt	\$0.00
b. Repairs and Improvements		\$0.00	b. Child support, etc.	\$0.00
c. Borrower's - paid Closing Costs (from line 7c)		\$0.00	c. Other	\$0.00
d. Sales Concession (subtract this amount)		\$0.00	d. Total monthly payments	\$0.00
e. Acquisition costs (sum of lines 14a + b + c - d)		\$0.00	<b>17. Future monthly payments</b>	
f. Multiply Acquisition cost (line 14e) by 0.9775 if greater than \$50,000 0.9875 if \$50,000 or less		\$0.00	a. Principal & Interest - 1st mortgage	#DIV/0!
			b. Homeowner's Association Fee	\$0.00
			c. Ground rent	\$0.00
g. Max Mortgage w/out LG Fee ( lowest of 13,14f, or 18b)		\$0.00	d. Principal & Interest - 2nd mortgage	\$0.00
h. Mortgage Amount (w/out LG Fee NOT To Exceed 14g)		\$0	e. Hazard insurance	\$0.00
i. Required investment (line 14e - line 14h)		\$0.00	f. Taxes & special assessments	\$0.00
j. Discounts		\$0.00	g. Total mortgage payments	#DIV/0!
k. Prepayable expenses		\$0.00	h. Recurring expenses (from line 16d)	\$0.00
l. LG Fee paid in cash (Add LG Fee cents)		\$0.00	i. Total fixed payments	#DIV/0!
m. Non-realty / other items (explain below)		\$0.00	<b>18. Ratios / Residual Income</b>	
n. Total requirements (sum of line 14h thru line 14l )		\$0.00	a. Loan - to - Value (line 14g ÷ line 12)	#DIV/0!
o. Amount paid in cash or other (explain)		\$0.00	b. Value (line 12) x 0.9775 if > \$50,000 or (line 12) x 0.9875 if < \$50,000	\$0
p. Amnt. to be paid in cash or other (explain)		\$0.00	c. Total Fixed DTI Ratio (line 17i /15f)	#DIV/0!
q. Assets available		\$0.00	<b>19. Contract Sales Price of Property</b>	
r. 2nd mortgage proceeds ( if applicable)		\$0.00	a. 6% of line 19	\$0.00
<b>15. Monthly Effective Income</b>			b. Total Seller Contribution	\$0.00
a. Borrower's base pay		\$0.00	c. Excess Contribution	\$0.00
b. Borrower's other earnings (explain)		\$0.00	<b>20. Borrower's CAIVRS #</b>	
c. Co-borrower's base pay		\$0.00	<b>21. Co-borrower's CAIVRS #</b>	
d. Co-borrower's other earnings (explain)		\$0.00		
e. Net income from real estate		\$0.00	<b>22. Total Amount of Gifts</b>	
f. Gross monthly income		\$0.00	\$0.00	

Comments: (attach additional paper if needed)

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C)

Final Application decision	Underwriter's Signature	Date	HUD Representatives Signature	Date
Approved				
Rejected				

Previous editions obsolete

31-Mar-11

Section 184 Case #:		184 Maximum Mortgage Worksheet for Rehabilitation and Single Close Loans
Lender:		
Borrower(s):		
Property Address:		

ALLOWABLE COSTS FOR REHABILITATION OR SINGLE CLOSE LOANS		
1. Total Costs of Repair or Construction Costs (from Specification of Repair or Contractor write-up)	Land Value or Cost:	\$0.00
	Purchase Price For Manufactured or Modular Home:	\$0.00
	Manufactured or Modular Home Construction Costs:	\$0.00
	Site Built Home Construction Costs:	\$0.00
2. Contingency Reserve on Construction Costs (10%)		\$0.00
3. Contingency Reserve on Site Work for Manufactured Construction (10%)		\$0.00

4. Inspection Fees :	0	# of Fees X	\$0.00	\$ per inspection =	\$0.00
5. Title Update Fees :	0	# of Fees X	\$0.00	\$ per draw =	\$0.00
6. Mortgage Payment Escrowed:	0	# of Months X	\$0.00	\$ per monthly payment =	\$0.00

<b>7. SUBTOTAL for Rehabilitation or Construction Escrow Account (Total of 1 - 5)</b>	\$0.00
---	--------

8. Less: Balance Remaining for LAND purchase:	\$0.00
9. Less: Minimum of 10% Deposit for Manufactured Home purchase:	\$0.00
10. Less: Architectural and Engineering Fees:	\$0.00

<b>11. SUBTOTAL for release at closing (Total of 7 - 10)</b>	\$0.00
--	--------

<b>12. Total Land Equity: Land Value/Cost(line 1) - Balance Remaining for Land purchase (line 8)</b>	\$0.00
--	--------

Comments: Use this space to explain any details of the construction costs that the Underwriter should be aware of.

**Note: These figures will need to transfer to the Acquisition MCAW in the appropriate fields.**

<b><u>Field</u></b>	<b><u>MCAW Line</u></b>	<b><u>Field</u></b>	<b><u>MCAW Line</u></b>
<b>7</b>	<b>14a.</b>	<b>12</b>	<b>14q.</b>

\_\_\_\_\_  
Signature of DG/HUD Underwriter

\_\_\_\_\_  
Date

**RIDER FOR SECTION 184 MORTGAGE  
(NON-BORROWER PLEDGE OF LEASEHOLD INTEREST)**

THIS RIDER FOR SECTION 184 MORTGAGE is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note ("Note") to \_\_\_\_\_ ("Lender") of the same date and covering the property described in the Security Instrument and located at:

[Property Address]

\_\_\_\_\_ ("Non-Borrower Leaseholder") is executing this mortgage for the sole purpose of encumbering the interest she owns in the land which is security for this mortgage and the note referenced herein. However, he/she assumes no personal liability for the obligations enumerated in the note except to the extent described in the preceding sentence.

In the event of default, notice would be given \_\_\_\_\_ and the other mortgagors.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

- A. The interests of the Borrower in the property described above were created by a lease agreement from \_\_\_\_\_ as lessor dated \_\_\_\_\_, 20\_\_\_\_. Any reference to the "Property" shall be construed as referring only to the interest of Borrower created by such lease or any replacement lease (as applicable).
- B. If the Security Instrument is assigned to the Secretary of Housing and Urban Development ("Secretary"), any foreclosure proceeding may take place in a tribal court, Federal district court, or other court of competent jurisdiction or non-judicially, if applicable. Section 184 of the Housing and Community Development Act grants to any such court the jurisdiction to convey to the Secretary the remaining life of a lease on the property and to order eviction of the delinquent Borrower.
- C. Any purchaser at foreclosure sale other than the Secretary must receive the written consent of the lessor or, if lessor is not an Indian tribe, the tribe of which lessor is a member. The purchaser shall receive a lease for the remaining term of the existing lease unless the tribe consents to an assumption of the existing lease.
- D. This Security Instrument may be assumed, subject to credit approval by the Lender/HUD and the consent of the tribe to an assumption of the existing lease or the grant of the new lease. Assumption shall not cause any adjustment of the interest rate.
- E. A sale of property subject to the Security Instrument without an assumption of the Security Instrument may be made if a new lease for the remaining term of the existing lease is granted.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants in this Rider for Section 184 Mortgage.

\_\_\_\_\_ (SEAL)

Borrower

\_\_\_\_\_ (SEAL)

Borrower

**RIDER FOR SECTION 184  
INDIVIDUAL ALLOTTED TRUST LAND  
(NO LEASE)**

THIS RIDER FOR SECTION 184 MORTGAGE is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (“Security Instrument”) of the same date given by the undersigned (“Borrower”) to secure Borrower’s Note (“Note”) to \_\_\_\_\_ (“Lender”) of the same date and covering the property described in the Security Instrument and located at:  
(PROPERTY ADDRESS)

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

- A. If the Security Instrument is assigned to the Secretary of Housing and Urban Development (“Secretary”), any foreclosure proceeding may take place in a tribal court, Federal district court, or other court of competent jurisdiction or non-judicially, if applicable. Section 184 of the Community Housing and Development Act grants to any such court the jurisdiction to convey the property to the Secretary and to order eviction of the delinquent Borrower. In the event of foreclosure, the land shall not be removed from trust or restricted status except upon application to the Secretary of the Interior or his duly authorized representative.
- B. The mortgagee or the Secretary shall not sell, transfer or otherwise dispose of or alienate the property except to an eligible tribal member, the Indian tribe, or the Indian housing authority or TDHE servicing the Indian tribe.
- C. This Security Instrument may be assumed, subject to credit approval by the Lender/HUD by any eligible tribal member, the Indian tribe, or the Indian housing authority or TDHE servicing the Indian tribe. Assumption shall not cause any adjustment of the interest rate.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants in this Rider for Section 184 Mortgage.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

# RIDER FOR SECTION 184 MORTGAGE

## FEE SIMPLE PROPERTY ONLY

THIS RIDER FOR SECTION 184 MORTGAGE on FEE SIMPLE PROPERTY ONLY (not Trust or Allotted Land) is made this \_\_\_\_\_ day of \_\_\_\_\_ and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note to \_\_\_\_\_ ("Lender") of the same date and covering the property described in the Security Instrument and located at:

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument. Borrower and Lender further covenant and agree as follows:

1. If the Security Instrument is assigned to the Secretary of Housing and Urban Development ("Secretary"), any foreclosure proceeding may take place in a tribal court, Federal district court, or other court of competent jurisdiction or non-judicially, if applicable.
2. This security instrument may be assumed, subject to credit approval by the Lender/HUD. Assumption shall not cause any adjustment of the interest rate.
3. Any and all foreclosure proceedings pertaining to the Security Instrument and any judgments arising from such proceedings are subject to the provisions of Section 184 of the Housing and Community Development Act of 1992, as amended, or any successor Act, and any regulations promulgated thereunder, as well as the applicable provisions of the foreclosure laws of the court of competent jurisdiction, if applicable.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants in this Rider for a Section 184 Mortgage for the Fee Simple Property.

\_\_\_\_\_  
(Seal) BORROWER                      (Seal) BORROWER

**RIDER FOR SECTION 184 MORTGAGE  
(LEASEHOLD)**

THIS RIDER FOR SECTION 184 MORTGAGE is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note ("Note") to \_\_\_\_\_ ("Lender") of the same date and covering the property described in the Security Instrument and located at:

[Property Address]

**ADDITIONAL COVENANTS.** In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

- A. The interests of the Borrower in the property described above were created by a lease agreement from \_\_\_\_\_ as lessor dated \_\_\_\_\_, 20\_\_\_\_. Any reference to the "Property" shall be construed as referring only to the interest of Borrower created by such lease or any replacement lease (as applicable).
- B. If the Security Instrument is assigned to the Secretary of Housing and Urban Development ("Secretary"), any foreclosure proceeding may take place in a tribal court, Federal district court, or other court of competent jurisdiction or non-judicially, if applicable. Section 184 of the Housing and Community Development Act grants to any such court the jurisdiction to convey to the Secretary the remaining life of a lease on the property and to order eviction of the delinquent Borrower.
- C. Any purchaser at foreclosure sale other than the Secretary must receive the written consent of the lessor or, if lessor is not an Indian tribe, the tribe of which lessor is a member. The purchaser shall receive a lease for the remaining term of the existing lease unless the tribe consents to an assumption of the existing lease.
- D. This Security Instrument may be assumed, subject to credit approval by the Lender/HUD and the consent of the tribe to an assumption of the existing lease or the grant of the new lease. Assumption shall not cause any adjustment of the interest rate.
- E. A sale of property subject to the Security Instrument without an assumption of the Security Instrument may be made if a new lease for the remaining term of the existing lease is granted.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants in this Rider for Section 184 Mortgage.

\_\_\_\_\_ (SEAL)

Borrower

\_\_\_\_\_ (SEAL)

Borrower

# Warranty of Completion of Construction

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0059  
(Expires 11/30/2010)

This information is required to obtain a HUD-insured single family mortgage. Public reporting burden for this collection of information is estimated to average 3 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and you are not required to respond to, a collection of information unless that collection displays a valid OMB control number. HUD collects this information to determine the insurability of a mortgage on the captioned property and may use it to make a final determination as to whether a defect exists and whether the builder must remedy the defect.

**Privacy Act Notice:** The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in the form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Lender's Name, Address and Phone Number (Include Area Code)	Name(s) of Purchaser/Owner
FHA/VA Case Number	Property Address

For good and valuable consideration, and in accordance with Section 801 of the Housing Act of 1954, and Public Law 85-857 (38 U.S.C. 3705), the undersigned Warrantor hereby warrants to the Purchaser(s) or Owner(s) identified in the caption hereof, and to his/her successors or transferees, that:

The dwelling located on the property identified in the caption hereof is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein) which have been approved in writing by the Federal Housing Commissioner or the Secretary of Veterans Affairs on which the Federal Housing Commissioner or the Secretary of Veterans Affairs based the valuation of the dwelling: **Provided, however,** That this warranty shall apply only to such instances of substantial nonconformity as to which the Purchaser(s)/ Owner(s) or his/her (their) successors or transferees shall have given written notice to the Warrantor at any time or times within one year from the date of original conveyance of title to such Purchaser(s)/Owner(s) or the date of initial occupancy, whichever first occurs: **Provided further, however,** That in the event (1) the Purchaser(s)/Owner(s) acquired title to the captioned property prior to the completion of construction of the dwelling thereon, such notice of nonconformity to the Warrantor may be given any time or times within one year from the date of completion or initial occupancy of such dwelling, whichever first occurs, or (2) where it has been necessary to postpone improvements such notice of nonconformity to the Warrantor as to such incomplete items may be given at any time or times within one year from the date of full completion of each of such items.

The term "dwelling" as used herein shall be deemed to include all improvements or appurtenances set forth in the plans and specifications upon which the Federal Housing Commissioner or the Secretary of Veterans Affairs has based the valuation of the property, excepting those constructed by a municipality or other government authority.

The undersigned Warrantor further warrants to the Purchaser(s)/ Owner(s) or his/her (their) successors or transferees, the property against defects in equipment, material, or workmanship and materials supplied or performed by the Warrantor or any subcontractor or supplier at any tier resulting in noncompliance with standards of quality as measured by acceptable trade practices. This warranty shall continue for a period of one year from the date of original conveyance of title to such Purchaser(s) or from the date of full completion of each of any items completed after conveyance of title. The Warrantor shall remedy, at the Warrantor's expense, any defect(s) of equipment, material, or workmanship furnished by the Warrantor. Warrantor shall restore any work damaged in fulfilling the terms and conditions of this warranty.

If a manufactured (mobile) home was erected on this property, the Warrantor further warrants that (1) the property (other than the manufactured unit itself) complies with the submitted construction exhibits; (2) the manufactured home sustained no hidden damage during transportation and erection; and (3) if the home was manufactured in separate sections, the sections were properly joined and sealed.	Manufacturer's Name, Address & Phone Number (Include Area Code)
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This warranty shall be in addition to, and not in derogation of, all other rights and privileges which such Purchaser(s)/ Owner(s) or his/her (their) successors or transferees may have under any other law or instrument, and shall survive the conveyance of title, delivery of possession of the property, or other final settlement made by the Purchaser(s)/ Owner(s), and shall be binding on the Warrantor notwithstanding any provision to the contrary contained in the contract of purchase or other writing executed by the Purchaser(s)/ Owner(s) or his/her (their) successors or transferees heretofore or contemporaneously with the execution of this agreement or prior to final settlement.

This warranty is executed for the purpose of inducing the Federal Housing Commissioner or the Secretary of Veterans Affairs to make, to guarantee or to insure a mortgage on the captioned property, and the person signing for the Warrantor represents and certifies that he/she is authorized to execute the same by the warrantor and by his/her signature the Warrantor is duly bound under the terms and conditions of said warranty. The FHA Commissioner or the Secretary of Veterans Affairs reserves the right to make a final determination as to whether a defect exists and whether the builder must remedy the defect.

<b>Warrantor</b> Warrantor's Title		<b>Purchaser(s)' Acknowledgement</b> Signature of Purchaser		Date (mm/dd/yyyy)
Signature	Date (mm/dd/yyyy)	Signature of Purchaser	Date (mm/dd/yyyy)	
Builder's Name and Address		Builder's Phone Number (Include Area Code)		

**Purchaser Note:** Any notice of nonconformity must be delivered to the warrantor within the period or periods set forth above.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802) Provide completed copies of this warranty to both the homebuyer and the builder, at closing. Include a copy of this warranty in the case binder when sent to HUD.

## SINGLE CLOSE 184 APPLICANT ACKNOWLEDGEMENT

I/We, the undersigned, do hereby acknowledge and understand that at the time of the loan closing of the 184 Guaranteed Construction/Permanent Loan, for which I/we have applied to

\_\_\_\_\_ (lender), all the proceeds designated for the construction in the amount of \$\_\_\_\_\_ (received from the borrower/loan proceeds), are to be placed in an interest bearing escrow account. If there are remaining construction funds in the Construction Escrow Account after the Final Release is processed, \_\_\_\_\_ (lender), must apply those funds in accordance with the 184 Program Guidelines.

I/We hereby request that \_\_\_\_\_ (lender), after final inspection is satisfactorily complete and the final release has been processed, apply the net income (interest) earned by the Construction Escrow Account accordingly:

- Pay the net interest income directly to me/us.
- Apply the net interest income directly to the mortgage principal balance for an equal amount of principal reduction.
- Other: \_\_\_\_\_

This account is not, nor shall it be treated as an escrow for the paying of real estate taxes, insurance premiums, delinquent notes, ground rents, or assessments.

I/We further acknowledge, that if required to protect the priority of the Security Instrument, that \_\_\_\_\_ (lender) may retain the holdback, for a period not to exceed 35 days (or the time period to required by law to file a lien, whichever is longer), to ensure compliance with state lien waiver laws or other state or tribal requirements. A copy of the final inspection report and Final Release Notice will be provided to me/us.

I/We further understand that the Appraiser and Inspectors obligation is to assist the lender in determining the eligibility of the property for OLG guarantee purposes only and that I/we are responsible to determine the soundness of the property before and after construction, including value, cost estimates and the ability of the contractor to complete the construction in a satisfactory workman like manner in compliance with all accepted exhibits and local codes and ordinances.

\_\_\_\_\_ (DATE)  
Borrower Signature

\_\_\_\_\_ (DATE)  
Co-Borrower Signature

## CONSTRUCTION LOAN AGREEMENT

This Agreement is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between \_\_\_\_\_ (Borrower) and \_\_\_\_\_ (Lender) to establish the conditions under which the Lender will advance proceeds of a loan to be used to purchase and construct the property described below. The property is located at \_\_\_\_\_ (address/reservation) State of \_\_\_\_\_ and/or is described as:

1. The loan will be in the principal sum of \$ \_\_\_\_\_ Dollars to be advanced by Lender to Borrower as provided in this agreement and will be secured by a mortgage or deed of trust (Mortgage), which will be a first lien on the property.
2. Payments required under the mortgage or deed of trust must be made by the Borrower on the date specified, even though the proposed construction may not be completed or the property may not be suitable for occupancy, on the anticipated date.
3. The Lender intends to request the Assistant Secretary for Public and Indian Housing (Assistant Secretary) to guarantee the loan under the provisions of Section 184 of the Housing and Community Development Act of 1992; therefore, Borrower agrees to conform to, and to cause the unit to be constructed in conformance with all requirements of Office of Loan Guarantee (OLG).
4. The Lender will place funds allocated to construction, contingency reserve, mortgage payments and other fees totaling \$ \_\_\_\_\_ in a secured interest bearing account, trust or escrow for the benefit of the Borrower (hereafter "escrowed funds"). The income earned on the escrowed funds will be paid upon issuance of the Final Release Notice. If the Borrower should default under the mortgage or deed of trust, the lender should contact OLG Servicing within 5 business days.

Lender shall release the construction escrow funds by check, payable to the Borrower and the contractor or other appropriate payee who performed the work and supplied the materials in connection with this Agreement. The funds shall not be released until a Draw Request signed by both the Mortgagor and contractor, and, except for a possible payment for materials and shipping, an executed Compliance Inspection Report (Form HUD-92051) is approved by the Mortgagee. The Final Release of the construction escrow funds is to take place only after the final acceptance of work by local or tribal jurisdiction or other professional as approved by OLG.

The Lender or OLG may determine that additional compliance inspections are required throughout the construction period to ensure that the work is progressing in a satisfactory manner. However release of funds is not authorized on this type of inspection. The Borrower or builder is responsible for paying the inspection fee. The Lender may require a property inspection if there have been no draw requests for more than 30 days.

If a Mortgage Payment Reserve is established in the escrow account, the Lender may draw from the account to make the monthly mortgage payments provided the dwelling has not been occupied and/or the Final Release Notice has not been issued.

5. The amount specified in paragraph 1 includes the approved construction costs. If the construction escrow account is not fully disbursed, the remaining balance may be applied as a partial prepayment of the loan, if the contingency reserve is part of the mortgage. However, such prepayment will not extend or postpone the due date of any monthly installment due under the note, nor change the amount of such installments. If the Borrower, (or other person, organization or agency) put his or her own money into the contingency reserve account then the Borrower or funding agency or person can be refunded the money remaining in the account after the issuance of the Final Release Notice.
6. The Borrower will complete all construction on the property in accordance with the plans and specifications as accepted by the Lender and/or OLG.
7. Changes in the plans and specifications must be approved by the lender prior to the beginning of construction. Construction must be 100 percent complete on each change order item before release of any monies.

8. Borrower will cause all improvements to be made in a workmanlike manner and in accordance with all applicable statutes and regulations. All licenses, permits and privileges required by local or tribal governmental authorities to construct the property will be obtained by the Borrower or his/her contractor.
9. Representatives of the Lender and OLG shall have the right to enter upon the property at all times during the period of construction and on completion of construction to determine whether the work conforms with this agreement and to determine the amount of the Construction Escrow Account to be released by the Lender.
10. Borrower will furnish such records, contracts, bills and other documents relating to the property and the construction as the Lender or OLG may require.
11. Without prior written consent of the Lender, no materials, equipment fixtures, or any part of construction financed with this loan shall be purchased or installed subject to conditional sales contracts, security agreements or lease agreements. In addition, no right may be reserved or accrued to anyone to remove or repossess any item, or to consider it as personal property.
12. The Borrower shall cause either this instrument or the construction contract to be filed in the public or tribal records, if the effect of recording will be to relieve the mortgage property from mechanic's and material liens. Before any advance under this agreement, the Lender may require the Borrower to obtain acknowledgement of payment and releases of lien from the contractor and all subcontractors dealing directly with the principal contractor. These releases shall cover the period down to the date covered by the last advance, and concurrently with the final payment for the entire project. Such acknowledgements and releases shall be in the form required by local, tribal or state lien laws and shall cover all work done, labor performed and materials (including equipment and fixtures) furnished for the project.
13. Borrower shall cause work to begin within 30 days following the date of this agreement. Borrower shall have work completed within \_\_\_\_ months following the date of this agreement. Work shall be performed with reasonable diligence; therefore, work is never to cease for more than 30 consecutive days. Should Borrower fail to comply with these terms, the Lender may refuse to make further payments under this agreement the lender should contact OLG servicing within 5 business days.
14. In the event any Stop Notices, Notices to Withhold, Mechanic's Liens, or claims of liens are filed against the property, the Lender, after five (5) days' notice to the undersigned of its intention to do so, may pay any or all such liens or claims, or may contest the validity of any of them, paying all costs and expenses of contesting the same.
15. Failure of the Borrower to perform under the terms of this Construction Loan Agreement shall make the loan amount, at the option of the Lender, due and payable.
16. The borrower acknowledges receipt of the accepted plans and specifications that are incorporated into this agreement which copies are maintained by the Lender and in the Program Office of Native American Programs.

\_\_\_\_\_  
Borrower(s) Signature(s)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Lender Signature

\_\_\_\_\_  
Date

## CONSTRUCTION LOAN RIDER

THIS CONSTRUCTION LOAN RIDER is made this \_\_\_\_\_ day of, 20\_\_ and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (Security Instrument) of the same date given by the undersigned (Borrower) to secure Borrower's Note (Note) to

(Lender) of the same date and covering the property described in the Security Instrument and located at:

(Property address)

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

- A. All replacements and additions, and Borrower's interest in the Construction Escrow Account established in connection with this Security Instrument shall be covered by this Security Instrument.
- B. Loan proceeds are to be advanced for the construction of the premises in accordance with the Construction Loan Agreement dated \_\_\_\_\_, 20\_\_, between the borrower and lender. This agreement is incorporated by reference and made a part of this mortgage. No advances shall be made unless approved by the lender.
- C. If the construction is not properly completed, performed with reasonable diligence, or is discontinued at any time except for strikes or lockouts, the lender is vested with full authority to take the necessary steps to protect the construction and the property from harm, continue existing contracts or enter into necessary contracts to complete the construction. All sums expended for such protection shall be added to the principal indebtedness, and be secured by the mortgage and be due and payable on demand with interest as set out in the note.
- D. If the borrower fails to make any payment or to perform any other obligation under the loan, including the commencement progress, and completion provisions of the Construction Loan Agreement, and such failure continues for a period of 30 days, the loan shall, at the option of the lender, be in default.

BY SIGNING BELOW, Borrower accepts and agrees to the terms of the covenants contained in this Construction Loan Rider.

\_\_\_\_\_  
Borrower Signature/Date

\_\_\_\_\_  
Borrower Signature/Date



## FINAL RELEASE NOTICE

184 Case No.: \_\_\_\_\_

Property Address: \_\_\_\_\_

\_\_\_\_\_

To: Mortgagee

We have reviewed the final inspection of the construction of the subject property.

Based on our findings and the documentation in the file, you are hereby authorized to release the final draw along with the holdback. However, if it is required to protect the priority of the Security Instrument, the hold back may be retained for a period not to exceed 35 days (or the time period required by law to file a first lien, whichever is longer), to ensure compliance with state lien waiver laws or other state or tribal requirements.

The mortgage must be prepaid in the amount of \$\_\_\_\_\_, which represents the balance of the contingency reserve, mortgage payment reserve, inspection fees or other miscellaneous fees that were financed and not approved for release.

\_\_\_\_\_ (DATE)  
Director, Loan Guarantee Program  
Office of Native American Programs

# Compliance Inspection Report

**U.S. Department of Housing and Urban Development**  
Office of Housing  
Federal Housing Commissioner

OMB No. 2502-0189  
(exp. 04/30/2011)

**Note:** Reports of Final and Repair Compliance Inspections left at site always require reviewer's signature to be Official. Consult mortgagee for official reports.

Builder's Name and Address	a. <input type="checkbox"/> Report not left at site. b. <input type="checkbox"/> Report not official without reviewer's signature.	FHA Case Number <hr/> Date of Inspection (mm/dd/yyyy)
Mortgagee's Name and Address	Property Address	

## I. Inspection of On-Site Improvements Reveals

- |  |   |
|--|---|
| 1. Construction <input type="checkbox"/> was, <input type="checkbox"/> was not begun prior to the date of mortgage insurance approval shown on the commitment, statement of appraised value or "Early Start" letter. (Applies to the initial report on new construction)<br>2. <input type="checkbox"/> Builder other than named in application<br>3. <input type="checkbox"/> Unable to make inspection. (Explain below)<br>4. <input type="checkbox"/> Accepted construction exhibits not available at site<br>5. <input type="checkbox"/> Individual Sewage disposal system; <input type="checkbox"/> Individual Water supply system<br><input type="checkbox"/> No noncompliance. <input type="checkbox"/> Correction essential as explained below.<br><input type="checkbox"/> Submit Health Department letter<br>6. <input type="checkbox"/> Correction req'd. by rpt. dated _____ not acceptably completed<br>7. <input type="checkbox"/> Repairs required by form HUD-92800.5B not acceptably completed<br>8. <input type="checkbox"/> Correction essential as explained below<br><input type="checkbox"/> a. Will examine at next inspection<br><input type="checkbox"/> b. Do not conceal until reinspected<br>9. <input type="checkbox"/> No noncompliance observed | 10. <input type="checkbox"/> Acceptable variations as described below (Request for Change, form HUD-92577, may be submitted).<br>11. <input type="checkbox"/> Extensive noncompliance as explained below (see IV.A below)<br>12. <input type="checkbox"/> On-site improvements acceptably completed subject to receipt of certification that mortgagee's inspection reveals satisfactory completion of all items listed below.<br>13. <input type="checkbox"/> On-site improvements acceptably completed except items listed below, completion of which is delayed by conditions beyond control of the builder (see IV.B below).<br>14. <input type="checkbox"/> On-site improvements acceptably completed<br>15. <input type="checkbox"/> Off-site improvements<br><input type="checkbox"/> a. Correction/Completion essential as explained below<br><input type="checkbox"/> b. Completion assured by escrow agreement or governing authority<br><input type="checkbox"/> c. Acceptably completed |
|--|---|

## II. Explanation of statements checked in Parts I and III

	<input type="checkbox"/> Initial Inspection <input type="checkbox"/> Framing Inspection <input type="checkbox"/> Final Inspection <input type="checkbox"/> Other (explain) <input type="checkbox"/> Repair Inspection	Inspection Number	
No.		No.	

**Certification:** I certify that I have carefully inspected this property on this date. I have no personal interest, present or prospective, in the property, applicant, or proceeds of the mortgage. To the best of my knowledge I have reported all noncompliance, work requiring correction, and unacceptable work.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature	Date (mm/dd/yyyy)	<input type="checkbox"/> Fee Inspector <input type="checkbox"/> Appraiser <input type="checkbox"/> DE Staff Inspector <input type="checkbox"/> HUD Inspector	ID Number
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## III. Specific Conditions Required by the HUD-92800.5B, Not Requiring Field Inspection

16. <input type="checkbox"/> Submit items or resubmit incomplete items as noted above.	17. <input type="checkbox"/> Acceptable Compliance with all specific conditions not requiring field inspection.	18. <input type="checkbox"/> Submit Termite Soil Treatment Guarantee. <input type="checkbox"/> None	
Approved	Signature	Date (mm/dd/yyyy)	ID Number
<input type="checkbox"/> as modified by me			<input type="checkbox"/> Direct Endorsement Underwriter <input type="checkbox"/> Chief Architect <input type="checkbox"/> Deputy

## IV. To Mortgagee: When signed below, refer to the statement on the back corresponding to the designation checked.

<input type="checkbox"/> <b>A. Noncompliance</b> <input type="checkbox"/> (a) Variations from exhibits. <input type="checkbox"/> (b) Unacceptable construction. <input type="checkbox"/> (c) Premature construction.	<input type="checkbox"/> <b>B. Compliance -- Incomplete Items.</b> "Mortgagee's Assurance of Completion", HUD-92300, may be submitted. for completion \$ _____ not later than: (mm/dd/yyyy)	<input type="checkbox"/> <b>C. Final Acceptance.</b> Closing papers may be submitted provided mortgage credit analysis is acceptable	
Signature	Date (mm/dd/yyyy)	<input type="checkbox"/> Direct Endorsement Underwriter <input type="checkbox"/> Director of Housing Development <input type="checkbox"/> Deputy	ID Number

<b>For HUD Use Only for concurrence of Direct Endorsement Processing of this Compliance Inspection Report. If signed, this final report is considered processed by HUD and, thereby, convertible to the Veterans Administration.</b>	Signature of HUD Authorized Agent
	Date (mm/dd/yyyy)

Previous editions are obsolete. Retain this record for 30 years or the life of the file    Submit an Original and four copies    ref. Handbooks 4000, 4115.3, 4145, 4165, 4190, & 4240.4    form HUD-92051 (7/87)

**See the statement below that corresponds to the designation checked on the front of the form under section "IV. To Mortgagee".**

**A. Noncompliance.** Construction is not acceptable or all specific conditions have not been fulfilled in accordance with the terms of the related commitment because of :

- (a) **Variations from Exhibits.** Inspection reveals extensive non compliance, involving variations from accepted construction exhibits. The property will be considered ineligible for mortgage insurance (1) unless the work has been corrected so as to effect compliance, or (2) unless reprocessing is requested on the basis of the mortgage security as it is now being constructed, and this is found to be acceptable. Requests for reprocessing must be accompanied by a letter, in duplicate, fully describing the work as now being constructed, signed by the mortgagor and approved by the mortgagee. Where the plan arrangement, or either the exterior or interior appearance is affected, the mortgagor's letter must be accompanied by drawings, in duplicate, fully indicating the variations and signed by both the mortgagor and the mortgagee.
- (b) **Unacceptable Construction.** Construction reveals extensive noncompliance with applicable FHA requirements or good construction practice. The property will be considered ineligible for mortgage insurance until construction has been corrected so as to effect compliance.
- (c) **Premature Construction.** Inspection reveals that construction was begun prior to the date of approval for mortgage insurance (in noncompliance with the commitment or statement of appraised value).

**B. Compliance.** (with incomplete items)

Construction of on-site improvements has been acceptably completed except for any items listed on the front of this form. Completion of those items is delayed by conditions beyond the parties' control. The property will considered acceptable for mortgage insurance and closing papers may be submitted provided:

- (a) All required off-site improvements have been acceptably completed and so reported, or their completion has been assured by an acceptable "Mortgagee's Assurance of Completion" form, and;
- (b) All specific conditions not requiring field inspection as indicated on the front of this form have been acceptably fulfilled or evidence of compliance is submitted with the closing papers, and;
- (c) The closing papers are accompanied by form HUD-92300, "Mortgagee's Assurance of Completion," properly executed and providing for withholding the sum indicated, or by indicating the sum is available on a commercial letter of credit, and for completion of construction not later than the date stated on the front of this form.

**C. Final Acceptance**

Construction has been completed and all specific conditions have been acceptably fulfilled. Closing papers may be submitted provided the mortgagee's credit analysis of the borrower is acceptably completed. Evidence of compliance with specific conditions not requiring field inspection as indicated on the front of this form may be submitted with the closing papers.

# Request for Acceptance of Changes in Approved Drawings and Specifications

U.S. Department of Housing and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0117 (exp. 09/30/2012)

**See Instructions and Conditions on Page 2.**

**Public reporting burden** for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits and mandatory. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Section 203(b)(7) of the National Housing Act authorizes the Secretary of the Department of Housing and Urban Development to use his/her discretion with respect to the handling of insurance, repairs, and alternations. Builders who request changes to HUD's accepted drawings and specifications for proposed constructions properties as required by homebuyers, or determined by the builder use the information collection. The lender reviews the changes and amends the approved exhibits. These changes may affect the value shown on the HUD commitment. While no assurances of confidentiality are pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request.

Property Address	Case(s) No.	Request No.
Mortgagee's Name & Address	We request acceptance of the following changes in the approved drawings and specifications of the above numbered case or cases. <b>We Request</b> <input type="checkbox"/> <b>We Do Not Request</b> <input type="checkbox"/> an increase in the value and loan amounts if these changes warrant such an increase.	
Description:	Builder's Estimate of cost on each change	HUD/VA Estimate of effect on cost of each change
Borrower (If known)	Date	
Builder or Sponsor	Date	
For Mortgagee	Date	

Determination as to Acceptability  
 Changes Acceptable     
  Changes Unacceptable     
  Changes Acceptable, provided (list any conditions)

**Endorsement to Notice of Value** (for VA use only)

This endorsement takes precedence over and specifically amends the outstanding NOV for the property with the above identifying number. Any condition stated on the outstanding NOV, not specifically referred to and modified herein, remains in full force and effect until expiration of the validity period. Established reasonable value revised to \$

<input type="checkbox"/> Department of Veterans Affairs	Authorized Agent	I.D. Number	Date
<input type="checkbox"/> Federal Housing Commissioner	DE <input type="checkbox"/>		

Previous edition may be used until supply is exhausted

VA Form 26 - 1844

form HUD - 92577 (04/2005)  
ref Handbooks 4145.1, 4115.3, 4000.4, 4240.4

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### Instructions

The mortgagor in this request is defined as the owner or possible future owner of the property, whose interest in the property is evidenced by any written contract of sale, deed, receipt of down payment, letter or other instrument dated prior to the signing of this request by the builder or sponsor.

If acceptance by the VA is requested, the original and at least two copies of this form shall be submitted by the mortgagee. If acceptance by HUD is requested, the original and at least one copy of this form shall be submitted by the mortgagee. Upon determination as to acceptability of the request, the original will be returned to the mortgagee for transmittal to the builder or sponsor. If the request covers more than one case and mortgagors are unknown, submit one additional copy for each additional case.

Designate each requested change by a letter (using a, b, c, etc.). If additional space is necessary to properly describe the changes, use this side of the form or an attachment. Also, attach revised drawings and/or supporting descriptive data when necessary. State the amount by which the construction cost will be increased or decreased as the net result of each proposed change.

This request shall be signed by (1) the borrower, if any, (2) the builder or sponsor, and (3) the mortgagee. If the borrower, as defined above, is unknown, the builder or sponsor shall insert "Unknown" in the space for the mortgagor's signature and initial this insertion.

Builder accepts all risk for constructing change(s) prior to receiving HUD or VA acceptance.

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### Conditions of Acceptance

Acceptance of changes implies in no way that the mortgage insurance or Notice of Value of the above case or cases will be increased when the net effect of all accepted changes is an increase in the total construction cost. Acceptance of changes is subject to the condition that inspection will show that all construction involved equals or exceeds the applicable HUD or VA Minimum Property Standards and all Local Codes and ordinances.

In accepting any changes it is assumed that they will be executed. If an accepted change is not executed, it must be nullified by submitting another copy of this form amending the construction exhibits so as to restore the drawings and specifications to the status existing prior to acceptance of the change or to a modification of such prior existing status as may be specified.

# SAMPLE DRAW REQUEST

U.S. Department of Housing and Urban Development  
Section 184 Indian Housing Loan Guarantee Program

Borrowers Name & Property Address:

Lenders Name & Address:

This Draw Number                  Date:

Construction Item	Total Escrow	Previous Draw (1)	Request for This Draw (2)	Total of Column (1) & (2)	Accepted Amounts Due
Well Drilling/Permits/Equipment					
Excavation/Site Preparation					
Foundation/Slab					
Modular Delivered					
Affixed to Foundation					
Foundation Damp Proofed					
Backfilled					
Septic					
Plumbing Hookup					
Electrical Hookup					
Heating System					
Finished Grading					
Finished Landscaping					
Exterior steps/porches/decks					
Gutters/Downspouts					
Driveway/Walkway					
Appliances					
Masonry					
Siding					
Roof					
Shutters					
Paint (exterior/interior)					
Caulking					
Fencing					
Grading					
Windows					
Weather Stripping					
Doors (Exterior/Interior)					
Partition Walls					
Plaster/Drywall					
Decorating					
Wood Trim					
Stairs					

Construction Item	Total Escrow	Previous Draw (1)	Request for This Draw (2)	Total of Column (1) & (2)	Accepted Amounts Due
Closets					
Wood Floors					
Finished Floors					
Ceramic Tile					
Bath Accessories					
Insulation					
Cabinetry					
Appliances					
Basements					
Cleanup					
Miscellaneous					
Other					
TOTAL:					

	This Draw	Totals to Date
Total From Above		
Less 10% Holdback		
Net Amount Due to Borrower		

This Draw Request is submitted for payment. All completed work has been done in a workman like manner. I/We understand that a 10% holdback will not be released until all work is completed and it's determined that no mechanic's and materialman's liens have been placed on the property.

\_\_\_\_\_  
General Contractor      Date

\_\_\_\_\_  
Borrower(s)                      Date

The mortgagee is authorized to release the following funds \$\_\_\_\_\_.

\_\_\_\_\_  
Lender

\_\_\_\_\_  
Date

\_\_\_\_\_  
Inspector

\_\_\_\_\_  
Date

**MORTGAGOR'S LETTER OF COMPLETION**

To: Lender

RE: 184 Case No.: \_\_\_\_\_

Lender's Loan No.: \_\_\_\_\_

Property Address: \_\_\_\_\_  
\_\_\_\_\_

The construction, as outlined in the Construction Loan Agreement (including architectural exhibits), has been completed in a workmanlike manner to my/our satisfaction to the above mentioned property.

I/We request that the Final Inspection by the HUD approved inspector and the Final Release of funds from the Construction Escrow Account be made after you receive an acceptable Final Compliance Inspection Report.

I/We understand that you, the lender, if required to protect the priority of the Security Instrument, may retain any "Holdback" reserve funds for a period of not more than thirty-five (35) days or a longer time period allowable by state laws to ensure against any liens resulting from the construction of the home on the subject property. However, at the earliest possible date, I/we request any such funds be released as is appropriate.

This request also directs you to properly distribute the funds in the Construction Escrow Account that represent the balance of the Contingency Reserve, Mortgage Payment Reserve, and inspection fees and other miscellaneous fees (if applicable) that were not used.

\_\_\_\_\_ (DATE)  
Borrower(s) Signature

